City of Lafayette Staff Report

For:	City Council
By:	Niroop Srivatsa Diana Elrod, Housing Consultant
Date Written:	March 1, 2009
Meeting Date:	March 9, 2009
Subject:	**Administrative Draft of the Housing Element**

Purpose

1. Review the administrative draft of the Housing Element.

2. Accept and approve the Planning Commission's recommendation to authorize staff to send the draft to the State Department of Housing and Community Development for the mandated 60-day review.

Background

State Housing Element Law requires that local jurisdictions outline the housing needs in the community, the barriers or constraints to providing that housing, and actions proposed to address these concerns over a five-year period. The State of California allocates, through local Councils of Government, each locality's "fair share housing needs" that the jurisdiction is to consider in the development of the Housing Element. Specifically, the purpose of Housing Element Law is:

1. To assure that counties and cities recognize their responsibilities in contributing to the attainment of the state housing goal.

2. To assure that counties and cities will prepare and implement housing elements which, along with federal and state programs, will move toward attainment of the state housing goal.

3. To recognize that each locality is best capable of determining what efforts are required by it to contribute to the attainment of the state housing goal, provided such a determination is compatible with the state housing goal and regional housing needs.

4. To ensure that each local government cooperates with other local governments in order to address regional housing needs.

To address this intent, the Law states that the Housing Element must include an identification and analysis of existing and projected housing needs and a statement of goals, policies, quantified objectives, financial resources, and scheduled programs for the preservation, improvement, and development of housing. Further, it is to identify adequate sites for housing, including rental housing, factory-built housing, and mobilehomes, and make adequate provision for the existing and projected needs of all economic segments of the community.

Components of the Housing Element

The Housing Element must contain the following:

1. NEEDS AND INVENTORY

An assessment of housing needs and an inventory of resources and constraints relevant to the meeting of these needs, including:

- An analysis of population and employment trends and existing and projected housing needs for all income levels;
- An analysis of household characteristics, such as level of payment compared to ability to pay, overcrowding, and housing stock condition;
- An inventory of land suitable for residential development, including vacant sites and sites having potential for redevelopment;
- An analysis of potential and actual governmental constraints upon the maintenance, improvement, or development of housing for all income levels;
- An analysis of potential and actual nongovernmental constraints;
- An analysis of any special housing needs, such as those of the handicapped, elderly, large families, farmworkers, families with female heads of households, and families and persons in need of emergency shelter;
- An analysis of opportunities for energy conservation with respect to residential development; and
- An analysis of existing assisted housing developments that are eligible to change from low-income housing uses during the next 10 years due to termination of subsidy contracts, mortgage prepayment, or expiration of restrictions on use.

2. GOALS, POLICIES AND PROGRAMS

A statement of the community's goals, quantified objectives, and policies relative to the maintenance, preservation, improvement, and development of housing.

3. PROGRAM AND FIVE-YEAR SCHEDULE

A program which sets forth a five-year schedule of actions the local government is undertaking or intends to undertake to implement the policies and achieve the goals and objectives of the Housing Element. In order to make adequate provision for the housing needs of all economic segments of the community, the program shall do all of the following:

- identify adequate sites which will be made available through appropriate zoning and development standards and with public services and facilities needed to facilitate and encourage the development of a variety of types of housing for all income level;
- assist in the development of adequate housing to meet the needs of low- and moderate-income households;

- address and, where appropriate and legally possible, remove governmental constraints to the maintenance, improvement, and development of housing;

- conserve and improve the condition of the existing affordable housing stock;

- promote housing opportunities for all persons regardless of race, religion, sex, marital status, ancestry, national origin, or color;

- Preserve for lower income households the identified assisted housing developments.

Housing Element Timeline and Requirements

The City must submit an adopted Housing Element by June 30, 2009. Prior to this time period, the City must conduct a number of hearings and reviews of the draft Element, as well as complete preliminary environmental review. In order to meet the June 30th deadline, staff scheduled public hearings on the administrative draft before the Planning Commission and City Council in February and early March. The administrative draft does not need to be officially adopted at this time, but significant review must be completed. Once the administrative draft is submitted to HCD, that agency has sixty days (March-April) to provide comments. Both the Planning Commission and the City Council will again hold public hearings following HCD's review and prior to adoption.

Draft Housing Element

Two of the key components of the draft element are the proposed goals, policies and programs and the inventory of adequate sites. A brief explanation of each follows:

1. PROPOSED GOALS, POLICIES AND PROGRAMS

Attached to this staff report is a table illustrating the proposed changes to the Goals, Policies and Programs. Many of the goals, policies and programs are ongoing and require no changes. The remainder of the information can be categorized as follows:

1. Actions that require minor revisions to incorporate updated information, or new dates for completion.

2. Actions that require significant revisions, for example to comply with changes in State Housing Element Law since the last time the City completed a Housing Element update.

3. Actions that have been deleted because the item has been completed, items that are no longer relevant to the City, or because the item has been incorporated elsewhere.

4. Actions that are new.

The proposed Goals, Policies and Programs are similar to those in the existing Housing Element with the following major exceptions:

1. Removal of the land use permit requirement for multifamily housing: this responds to State law that requires jurisdictions to provide multifamily housing as-of-right in appropriate zones. This is part of the adequate sites requirement.

2. Development of a Senior Housing Overlay zone: recent senior housing proposals have had difficulty with complying with underlying zoning requirements, specifically density and parking, because senior developments traditionally have much smaller units than multifamily housing and

often have fewer residents with cars. The purpose of this action is to facilitate the development of future senior housing. In 2007, the City Council directed staff to proceed with this task. The task is included in the 2009 Work Plan.

3. Consideration of a large-unit requirement in certain developments: The Housing Element process requires that jurisdictions facilitate the development of units with more than two bedrooms. This is because larger families have a difficult time finding housing appropriate to their needs. This action would seek to consider requiring a certain percentage of units within new multi family residential developments to have more than two bedrooms.

In addition, State law requires that certain actions be completed within one year of the Housing Element's implementation (July 1, 2009) to ensure enough time within the planning period that development can take place under the new rules. For example, the action to remove the land use permit requirement for multifamily housing must be completed within one year to ensure that developers are able to take advantage of this change to create new housing without having to go through the land use permit process.

2. INVENTORY OF ADEQUATE SITES

A key component of the Housing Element is a projection of a jurisdiction's housing supply. Housing Element law requires the City to ensure there is enough land zoned at appropriate densities to provide the opportunity for housing at all economic levels to be built. Further, the law requires, to the extent possible, the City remove barriers to the development of such housing. The Element must identify adequate sites for housing, including rental housing, factory-built housing, and mobilehomes, and make adequate provision for the existing and projected needs of all economic segments of the community. This includes an inventory of land suitable for residential development, including vacant sites and sites having potential for redevelopment, and an analysis of the relationship of zoning and public facilities and services to these sites.

The Regional Housing Needs Allocation process is a State mandate, devised to address the need for and planning of housing across a range of affordability and in all communities throughout the State. Each jurisdiction in the Bay Area is given a share of the anticipated regional housing need. The Bay Area's regional housing need is allocated by the California State Department of Housing and Community Development (HCD), and finalized though negotiations with ABAG.

According to ABAG, the regional housing need is determined by estimating both the existing need and the projected need for housing. Existing need is the amount of housing needed to address existing overcrowding or low vacancy rates. Projected need relates to providing housing for the growing population. Using slightly different methods, both the State, through the State Department of Finance (DOF), and the region, via ABAG, estimate projected household growth. Since these numbers may differ, the State and the region work closely together to arrive at an agreed upon estimate of future population growth; therefore, housing need through 2014.

The region's total housing need is allocated to Bay Area jurisdictions through an allocation method. The method contains two distinct components, mathematical equations and rules. There are two mathematical equations in the allocation method. The first equation is used to allocate total units among jurisdictions. This equation consists of factors, each weighted to indicate relative importance. The second equation is used to divide each jurisdiction's total need, based on the first formula, into the four income categories, as defined by state law. The allocation method also contains a set of rules. These rules address how to allocate units by income, how to handle units in spheres of influence and voluntary transfers of units between jurisdictions and subregions.

The following table illustrates the housing allocation figures for the City of Lafayette for the period 2007 – 2014.

Total Projected Need	Very Low	Low	Mod	Above Mod	Average Yearly Need
361	113	77	80	91	52
	31%	21%	22%	25%	

In addition, State Housing Element Law requires that jurisdictions provide for the needs of residents considered to be extremely low-income, defined as households earning less than 30% of median income. According, the need allocation is further disaggregated as follows:

Total Projected Need	Extremely Low (ELI)	Very Low (VLI)	Low (LI)	Moderate (MOD)	Above Moderate (ABOVE MOD)	Average Yearly Need
361	57	56	77	80	91	52
	16%	16%	21%	22%	25%	

In the fall of 2008, staff inventoried vacant and underutilized parcels in Lafayette to determine what land was available for development at various levels of density. Many of the sites from the inventory in the existing Housing Element were retained and listed in the new inventory. The density levels were then equated to the ABAG affordability levels and the number of units which might be developed at each affordability level was estimated. The analysis also included calculating the estimated realistic capacity for each site given site constraints as well as recent experience in projects developed in Lafayette. It should be noted that included in the inventory are sites for which the final capacity is already known or anticipated, such as the Eden Housing project, The Woodbury and Lafayette Park Terrace. In some cases the actual number of units is higher than the current mathematical analysis; for example, the Eden site takes advantage of a density bonus which allows the development of 46 units rather than the mathematically-derived 28 units.

The adequate sites analysis demonstrates that there is enough land to meet the ABAG Regional Housing Needs Allocation. Although other sites are available outside the Downtown area for development, the housing inventory shows that the Regional Housing Allocation can be accommodated at all income levels within the Downtown. Following is a table summarizing the adequate sites analysis.

	ELI/VLI	LI	MOD	ABOVE MOD	TOTAL
Current Inventory	182	134	125	232	673
Regional Housing Need Allocation	113	77	80	91	361
SURPLUS/(SHORTFALL) OF SITES	69	57	45	141	312

It should also be noted that many of the sites will require the assemblage of two or more parcels in order to create a viable development site. The City has a proven track record of site assembly for development over the last few years, including The Woodbury, Lafayette Mercantile, the SRM development (involving the acquisition of six parcels at Mt. Diablo Blvd and Second Street), and others.

Lastly, it is important to reiterate that the units shown in the inventory are not required to be built by the City. However, Housing Element law does require the City to ensure there is enough land zoned at appropriate densities to provide the opportunity for housing at all economic levels to be built. Further, the law requires, to the extent possible, the City remove barriers to the development of such housing. The adequate sites analysis reveals that Lafayette has enough land zoned at appropriate densities to provide the opportunity for housing at all economic levels to be built. The proposed goals, policies and programs will ensure removal of barriers to the development of housing at all economic levels.

Planning Commission

On January 22nd, the Planning Commission held a study session to review two important components of the housing element - the proposed Goals, Policies and Programs and the sites inventory and provided direction to staff. On February 19th, the Commission held a public hearing on the administrative draft, accepted public comments and recommended to the City Council that the draft be submitted to HCD for review. Minutes of both Commission meetings are attached.

Recommendation

Authorize staff to send the draft to the State Department of Housing and Community Development for the mandated 60-day review.

Attachment:

1. Administrative draft
2. Table comparing goals, policies and programs in existing and proposed elements
3. Minutes of January 22nd and February 19th Planning Commission meetings